



**U.S. Department of
Transportation**
Office of the Secretary
of Transportation

The Inspector General

Office of Inspector General
Washington, D.C. 20590

April 29, 2011

The Honorable Darrell Issa
Chairman, Committee on Oversight
and Government Reform
United States House of Representatives
Washington, DC 20515

Dear Chairman Issa:

Thank you for your letter of April 7, 2011, requesting that the Department of Transportation (DOT) Office of Inspector General (OIG) provide information on the status of open audit recommendations. Specifically, you requested the following: (1) the number of open OIG recommendations; (2) estimated cost savings associated with open recommendations; (3) our three most important open recommendations; and (4) the number of recommendations that have been implemented between March 24, 2010, and the present.

As of April 13, 2011, we identified 425 open recommendations, which were included in 136 audit reports. Of the 425 open recommendations, 42, which were included in 31 reports, carry an estimated monetary benefit or cost savings totaling \$2,050,879,865.¹ The enclosed document provides detailed information on these 42 recommendations.

To determine the three most significant open recommendations, we assessed whether the recommendation would lead to significant safety improvements, financial benefits, or increased economy or efficiency of the program audited. Using these criteria, we identified the following as the three most important open recommendations.

¹ Cost savings were based on questioned costs, unsupported costs, and funds put to better use.

- **Significant Safety Issue**

Component	Open Recommendation	OIG Report
Federal Aviation Administration	Expand operational error investigatory requirements to include more detailed information on factors—such as overtime, on-the-job training, and work schedule—that could create fatigue conditions to determine whether these factors are a contributory cause to operational errors, the frequency in which the factors are occurring, and whether or not the existence of the factors indicate a systemic problem.	<i>Air Traffic Control: Potential Fatigue Factors</i> , AV2009065, issued June 29, 2009

Our June 2009 audit identified a number of controller fatigue factors that could contribute to the causes of operational errors—where controllers fail to maintain the required safe separation distance between two aircraft. These factors include work schedule, overtime, on-the-job training, staffing, traffic volume and complexity, and time on position. However, FAA does not require that all these factors be addressed on operational error investigative reports and does not accumulate data on these conditions to determine whether they contribute to operational errors. FAA concurred with our recommendation and stated that it would implement processes in fiscal year 2010 to collect schedule data for each person associated with an operational error for at least a 14-day period leading up to the event. On March 3, 2011, FAA requested that the target action date to complete this recommendation be extended to June 21, 2011. Part of the FAA extension request stated that the next version of the Air Traffic Safety Action Program report, which controllers can use to self-report operational errors, will contain detailed questions on fatigue conditions. This version is targeted for implementation by summer 2011.

- **Significant Financial Benefit**

Component	Open Recommendation	OIG Report
Office of the Secretary	Monitor the field offices' quarterly inactive project reviews, particularly on stagnant projects, to ensure that inactive obligations are liquidated in a timely manner throughout the year.	<i>Quality Control Review of Audited Consolidated Financial Statements for Fiscal Years 2010 and 2009</i> , QC2011021, issued November 15, 2010

Clifton Gunderson LLP, our independent financial statement auditor, recommended actions that will enable DOT to put unused funds for unneeded grant and procurement obligations to better use on other eligible projects and contracts. As of September 30, 2010, these unused funds were estimated at more than \$1.5 billion. Clifton Gunderson also recommended prompt action to ensure that obligations recorded in DOT's financial records and reported in its financial statements are not materially misstated. DOT officials concurred with Clifton Gunderson's findings and have

agreed to prioritize reviews of outstanding obligations in fiscal year 2011, placing particular emphasis on timely project close-outs. We asked DOT to provide quarterly updates on actions taken to reduce unneeded obligations. We anticipate the first update will be provided shortly.

- **Significant Program Improvement**

Component	Open Recommendation	OIG Report
National Highway Traffic Safety Administration	For NHTSA's Alcohol-Impaired Driving Safety Program, periodically assess the degree to which States have adopted the recommended intermediate performance measures, the results from the measures, and actions needed to assist states in fully implementing the use of the performance measures.	<i>Audit of National Highway Traffic Safety Administration's Alcohol-Impaired Driving Highway Traffic Safety Program</i> , MH2007036, issued March 5, 2007

Our 2007 audit of NHTSA's Alcohol-Impaired Driving Safety Program recommended actions to improve measures for assessing the effectiveness of State grants for countering alcohol-impaired driving. In response, NHTSA agreed to (1) work with States to establish intermediate performance measures, (2) set up a process for States to report progress towards meeting the measures, and (3) assess the results and actions needed to assist States in fully implementing the use of the measures. In April 2011, NHTSA moved towards implementing our recommendations by identifying ways to improve the data collected from States on various safety programs, including alcohol-impaired driving. However, NHTSA still needs to take significant action to fulfill our most critical recommendation: to periodically assess the degree to which States are adopting recognized strategies for countering alcohol-impaired driving, such as the use of sobriety checkpoints and saturation patrols. NHTSA's target completion date for this action is December 2011.

Finally, between March 24, 2010, and April 13, 2011, we have closed 404 recommendations from 188 audit reports.

We continue to work closely with DOT officials to improve operations and maintain a long-standing record of excellence in delivering a world-class transportation system to our Nation. We appreciate DOT's responsiveness to our findings and recommendations and its commitment to prompt corrective actions when needed. We would especially like to note that the Deputy Secretary is actively engaged in working with DOT's Operating Administrators to enhance awareness of and involvement in closing OIG recommendations.

If you have any questions or need further information, please contact me at (202) 366-1959 or Nathan Richmond, Director and Counsel for Congressional and External Affairs, at (202) 493-0422.

Sincerely,

A handwritten signature in black ink that reads "Calvin L. Scovel III". The signature is written in a cursive style with a distinct "III" at the end.

Calvin L. Scovel III
Inspector General

Enclosure

Department of Transportation
Office of Inspector General Open Recommendations
As of April 13, 2011

REPORT TITLE	REPORT NUMBER	DATE REPORT ISSUED	OPERATING ADMINISTRATION	DESCRIPTION OF RECOMMENDATION	QUESTIONED COSTS	UNSUPPORTED COSTS	FUNDS PUT TO BETTER USE	TARGET ACTION DATE	REMARKS
Oversight of Airport Revenue	AV2003030	3/20/2003	FAA	We recommend that FAA verify the current status of \$40.9 million in potential revenue diversions that we identified during this review and, as necessary, seek recoveries of \$38,710,289 identified at Miami-Dade County.			\$14,285,026	12/31/2011	Miami-Dade County has agreed to return \$14 million in diverted funds to the Miami International Airport. After an initial payment of \$3 million, Miami-Dade County will pay quarterly payments of \$564,251 over 5 fiscal years, beginning October 1, 2006. FAA expects all funds to be returned by September 2011.
FAA's Air Traffic Controller Optimum Training Solution Program: Sound Contract Management Practices are Needed to Achieve Program Outcomes	AV2010126	9/30/2010	FAA	We recommend that FAA determine (a) if the existing contract mechanism can be effectively modified to achieve ATCOTS program goals within the current estimate of \$859 million or (b) update cost estimates and requirements for its training needs and develop criteria for determining whether the Agency should exercise options in the contract.			\$422,000,000	9/30/2011	
				We recommend that FAA develop performance measures for award fees that directly link Raytheon's performance to improvements in the controller training program and goals of the ATCOTS program.			\$11,900,000	9/30/2011	
				We recommend that FAA modify the contract to include incentive fees with predetermined costs targets based on accurately defined requirements; if this is not feasible, then include performance measure(s) that provides an award fee for economical contract performance.			\$10,700,000	TBD	
Single Audit - South Carolina Department of Transportation	QC2007055	7/18/2007	FTA	We recommend that FTA determine the allowability of the Department's payments to the Authority, and recover \$496,479 from the Department and/or the Authority, if applicable.	\$2,600,000			9/30/2013	
Audit of Federal Transit Administration's Oversight Of Pioneer Valley Transit Authority Electric Bus Cooperative Agreement	MH2008058	7/9/2008	FTA	We recommend that PVTA disallow all future costs claimed by ElectraStor, and develop an action plan in coordination with the OIG to seek recovery of the \$4.25 million in Federal Funds paid for the project.		\$4,250,000		6/30/2011	

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Oversight of Design and Engineering Firm's Indirect Costs Claimed On Federal-Aid Grants	ZA2009033	2/5/2009	FHWA	We recommend that FHWA recover the \$2.8 million in unallowable executive compensation and \$1.6 million in other unallowable indirect charges.	\$4,400,000			TBD	
				We recommend that FHWA put approximately \$30.2 million in future Federal-aid funds to better use.			\$30,200,000	TBD	
The Joint Program Office's Management of the Intelligent Transportation Systems Program Needs to be Improved	AV2009040	3/11/2009	RITA	We recommend that RITA coordinate with FHWA to identify and review old ITS contracts and agreements and de-obligate nearly \$20 million in unneeded funds.			\$36,400,000	6/30/2011	RITA agreed to deobligate \$48,100,000.
Monitoring of FY 2010 Financial Statements	QC2011021	11/15/2010	OST	Clifton Gunderson recommended that DOT management monitor the field offices, quarterly inactive project reviews, particularly on stagnant projects, to ensure that inactive obligations are liquidated in a timely manner throughout the year.			\$1,500,000,000	9/30/2011	OST will provide a quarterly update on actions taken in early May.
Single Audit - City of Bogalusa, Louisiana	SA2011004	10/14/2010	FAA	We recommend that FAA ensure the City abides by Cash Management requirements and recover \$366,808 from the City if applicable.	\$366,808			TBD	
				We recommend that FAA ensure the City abides by Cash Management requirements and recover \$1,616,781 from the City if applicable.	\$1,616,781			TBD	
Single Audit - Baxter County, Arkansas	SA2011020	11/12/2010	FAA	We recommend that FAA determine the allowability of the labor costs and recover \$870,287 related to fiscal year 2006.	\$870,287			5/1/2011	
				We recommend that FAA determine the allowability of the labor costs and recover \$224,494 related to fiscal year 2007.	\$224,494			5/1/2011	
Single Audit - Federated States of Micronesia Government	SA2010115	9/21/2010	FAA	We recommend that FAA determine the allowability of the contract payments and recover \$252,411 from the Micronesia National Government, if applicable.	\$252,411			TBD	

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Single Audit - Republic of Palau National Government	SA2011028	1/12/2011	FAA	We recommend that FAA recover \$339,548 from the Republic of Palau.	\$339,548			TBD	
Single Audit - American Road Transportation Builders Association	SA2010107	8/30/2010	FHWA	We recommend that FHWA ensure the Association maintains timesheets and summaries for all employees to support actual time charges, and recover \$90,760 from the Association, if applicable.	\$90,760			10/31/2011	
Single Audit - American Association of Motor Vehicle Administrators and Affiliates	SA2010106	8/30/2010	FMCSA	We recommend that FMCSA recover \$16,115 from the Association.	\$16,115			TBD	
Single Audit - Commonwealth of Pennsylvania	SA2010114	9/21/2010	FMCSA	We recommend that FMCSA determine the allowability of the unused leave payouts and recover \$15,519 from the Commonwealth, if applicable.	\$15,519			TBD	
Single Audit - City of Rome, New York	SA2010020	11/16/2009	FTA	We recommend that FTA recover \$800,000 from the City of Rome.	\$800,000			6/30/2011	
Single Audit - City of Roanoke, Virginia	SA2010078	7/22/2010	FTA	We recommend that FTA ensure the City abides by Federal and City procurement requirements and recover \$543,307 from the City if applicable.	\$543,307			6/30/2011	
Single Audit - Wilkes-Barre, Pennsylvania	SA2010108	9/1/2010	FTA	We recommend that FTA recover \$448,000 from the City.	\$448,000			4/29/2011	
Single Audit - City of Petersburg, Virginia	SA2011018	11/12/2010	FTA	We recommend that FTA ensure the City prepares time certifications in accordance with OMB Circular A-87, and recover \$1,500,000 from the City.	\$1,500,000			5/12/2011	
Single Audit - State of North Carolina	SA2010074	7/22/2010	FTA	We recommend that FTA determine the allowability of the subrecipient payment and recover \$206,564 from the State if applicable.	\$206,564			6/1/2011	
Single Audit - Miami-Dade County Transit Department	SA2010087	7/27/2010	FTA	We recommend that FTA ensure the County complies with Buy America provisions, and recover \$528,217 from the County if applicable.	\$528,217			6/30/2011	
Single Audit - State of Georgia	SA2010090	7/29/2010	FTA	We recommend that FTA ensure that the State complies with allowable costs/cost principles requirements and recover \$40,382 from the State, if applicable.	\$40,382			6/30/2011	

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Single Audit - Puerto Rico Metropolitan Bus Authority	SA2010105	8/30/2010	FTA	We recommend that FTA recover \$1,799,744 from the Authority.	\$1,799,744			6/30/2011	
				We recommend that FTA determine the allowability of the prior year expenditures and recover \$452,294 from the Authority, if applicable.	\$452,294			6/30/2011	
				We recommend that FTA ensure the Authority implements procedures to submit requests for reimbursements for expenditures incurred during the period of availability and recover \$207,963 from the Authority.	\$207,963			6/30/2011	
Single Audit - San Joaquin Regional Rail Commission	SA2010085	7/22/2010	FTA	We recommend that FTA determine the allowability of the Commission's use of track improvement funds, and recover \$674,015 from the Commission.	\$674,015			4/30/2011	
				We recommend that FTA determine the allowability of the Commission's use of track improvement funds, and recover \$402,774 from the Commission.	\$402,774			4/30/2011	
				We recommend that FTA ensure the Commission review requests for reimbursement for eligibility before they are submitted and recover the unallowable costs of \$558,362 from the Commission.	\$558,362			4/30/2011	
Single Audit - South Tahoe Area Transit Authority	SA2010118	9/27/2010	FTA	We recommend that FTA ensure that the Authority obtains title to the buses or recover \$84,800 from the Authority.	\$84,800			6/27/2011	
				We recommend that FTA ensure that the Authority obtain approval of the hourly reimbursement rate and recover \$208,700 from the Authority if applicable.	\$208,700			6/27/2011	
Single Audit - Yuma Metropolitan Planning Organization	SA2010123	9/27/2010	FTA	We recommend that FTA ensure the Organization complies with various Federal reporting requirements, and recover \$11,948 from the Organization, if applicable.	\$11,948			6/27/2011	

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Single Audit - City of Tulsa, Oklahoma	SA2011066	3/23/2011	FTA	We recommend that FTA determine the allowability of the bus purchase, and recover \$684,708 from the City's Transit Authority, if applicable.	\$684,708			9/23/2011	
Single Audit - Texoma Council of Governments	SA2011003	10/14/2010	FTA	We recommend that FTA ensure the Council establishes internal controls to not exceed the Federal allowable limit, and recover \$49,263 from the Council, if applicable.	\$49,263			TBD	
Single Audit - The City of Oklahoma City, Oklahoma	SA2011039	2/14/2011	FTA	We recommend that FTA ensure the City implement procedures to ensure that expenditures are recorded in the correct fiscal year; determine the allowability of the prior year costs and recover \$327,020 from the City, if applicable.	\$327,020			9/14/2011	
Single Audit - City of Wichita, Kansas	SA2010099	8/26/2010	FTA	We recommend that FTA ensure the City reviews its procedures for subrecipient monitoring, and recover \$31,124 from the City, if applicable.	\$31,124			6/30/2011	
Single Audit - State of Washington	SA2010084	7/22/2010	FTA	We recommend that FTA recover \$740,889 from the State.	\$740,889			5/30/2011	
Single Audit - Snoqualmie Indian Tribe	SA2010120	9/27/2010	FTA	We recommend that FTA ensure the Tribe maintains supporting documentation for all costs charged to FTA grants and recover \$29,540 from the Tribe.	\$29,540			9/27/2011	
				We recommend that FTA ensure the Tribe implements policies and procedures that will require employees' time charges to be based on actual time and effort, and recover \$22,502 from the Tribe.	\$22,502			9/27/2011	
			TOTAL		\$21,144,839	\$4,250,000	\$2,025,485,026		
								Grand Total	\$2,050,879,865